

SUBCONTRACT AGREEMENT

Agreement made the 28th day of AUGUST, 1992 between
K. HOVNANIAN AT NEWARK URBAN RENEWAL CORP. III, INC.
ATTENTION: MARK VANSELOUS
10 HIGHWAY #35, P.O. BOX 500
RED BANK, N.J. 07701 (hereinafter called Developer) and:

ATTENTION:

A.G. MAZZOCCHI, INC.
PO BOX 331
EAST HANOVER, NJ 07936

A.G. MAZZOCCHI, INC. (hereinafter called Prime Subcontractor).

WORK OR TRADE TO BE PERFORMED: ISOLATION TRENCH / SPREADING OF MILLINGS

PRIME SUBCONTRACTOR INFORMATION

ON SITE REPRESENTATIVE: WILLIAM P. REIMER

BUSINESS PHONE: 201-377-8822

EMERGENCY PHONE: (SAME)

FEDERAL I.D. NUMBER: 22-1826030

VENDOR NUMBER: A0940

JOB LOCATION: SOCIETY HILL AT UNIVERSITY HEIGHTS III, NEWARK, NJ 07103

In consideration of the promises, covenants, terms and conditions set forth herein, the Developer and Prime Subcontractor agree as follows:

1. GENERAL

Prime Subcontractor agrees to furnish, in accordance with the terms and conditions of this contract, all labor, materials and equipment in order to complete, in a first-class, workmanlike manner, the work set forth in Schedule A attached hereto and made a part hereof. Such work shall be performed in accordance with the plans and specifications set forth in Schedule B attached hereto and made a part hereof. NO DEVIATION FROM THE PLANS AND SPECIFICATIONS AFORESAID SHALL BE ALLOWED WITHOUT THE WRITTEN AUTHORIZATION OF THE DEVELOPER AS EVIDENCED BY A WRITTEN AMENDMENT TO THIS AGREEMENT. Details of the work which are not specifically covered herein or on the plans and specifications, but which are reasonably implied or are normally considered part of the job for that trade shall not be limited to the plans and specifications and shall be furnished at no extra cost as though it were specifically shown and mentioned in both the plans and specifications. In the event of discrepancies on the plans, written dimensions shall govern over scaled dimensions.

Prime Subcontractor represents that they have examined the drawings, specifications and model units, if applicable, and are familiar with all aspects thereof, including their relation to the specified work of the Prime Subcontractor described herein.

2. START WORK

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Prime Subcontractor shall commence the work agreed to hereunder within two (2) days of receipt of written notice to proceed from the Developer. Time is of the essence in this Agreement. By executing this Agreement, Prime Subcontractor confirms that the completion date set forth in the "Master Schedule" is a reasonable period for performing the work.

SMD/September 1992

3. MANPOWER TO COMPLY WITH MASTER SCHEDULE

Prime Subcontractor agrees to supply sufficient and competent manpower to pursue the work required hereunder in a diligent manner so as to complete the work required hereunder within the time frame of the Developer's "Master Schedule" which shall be posted in the Developer's construction trailer and shall govern the sequencing and scheduling of all work performed on the project. Developer reserves the right to modify the "Master Schedule" from time to time to conform to accelerations, delays, suspensions, variances or other needs of the project and the Prime Subcontractor shall accelerate or vary its performance and/or sequencing of the work accordingly or as directed by Developer, without compensation to the Prime Subcontractor, except for an extension of time to complete the work for a period equal to the delay, suspension or variance, if any. Developer may demand that the Prime Subcontractor work overtime at no additional cost to Developer, if Developer determines that such work is necessary because the Prime Subcontractor's work is behind schedule. In the event the Developer determines the Prime Subcontractor's work is behind schedule, Developer shall have the further option of awarding all or a portion of the work to others and charge the cost of same to the Prime Subcontractor. If the Prime Subcontractor is delayed through no fault of its own, it shall within 24 hours of the commencement of the condition causing the delay so advise the Developer in writing. The Developer may grant Prime Subcontractor an extension of time for such reasonable time Developer determines Prime Subcontractor was delayed through no fault of its own. An extension of time is the Prime Subcontractor's sole and exclusive remedy for delay. Prime Subcontractor shall make no claim for and is not entitled to any damages due to delay. Failure to comply with the "Master Schedule" or Developer's directives relating thereto shall be considered a breach of this Agreement. The Prime Subcontractor shall not hinder or delay other subcontractors at the site. The Prime Subcontractor shall hold harmless and indemnify the Developer and pay all damages to all other subcontractors caused by the acts, omissions, interferences or delays of the Prime Subcontractor. If the Prime Subcontractor delays the work causing damages to the Developer, the Prime Subcontractor shall reimburse the Developer for all such damages. Any assent by the Developer to the delayed completion of the work shall not be construed as a waiver by the Developer of the obligations of the Prime Subcontractor to make good all damages caused by its delay. Weekly/bi-weekly meetings will be held in the field and attendance from Prime Subcontractor's On Site Representative is mandatory. Developer also reserves the right to require a principal of Prime Subcontractor to attend these meetings. Any and all safety related concerns, problems or ideas as well as weekly progress shall be discussed at this meeting held with the Prime Subcontractor's On Site Representative and run by Developer's Representative. Advance notice shall be given to the Prime Subcontractor's On Site Representative informing him of the time, date and location of the weekly/bi-weekly progress meetings so Prime Subcontractor can attend.

4. SUPERVISION AND COORDINATION

Prime Subcontractor's On Site Representative shall be present on the site at all times that Prime Subcontractor has employees on the site for the purpose of supervising their work, making decisions on behalf of the Prime Subcontractor and to coordinate Prime Subcontractor's work so as to eliminate or minimize interference with the work of other subcontractors working on the site. Prime Subcontractor recognizes the need for cooperation in scheduling the various component parts of the project and to that end agrees to coordinate its work with all other stages of, and other subcontractors on, the project as required. Should coordination problems arise, Prime Subcontractor's Representative shall immediately notify the Developer who shall resolve the coordination problem. Developer's decisions in this regard shall be binding on the Prime Subcontractor. If Prime Subcontractor's work is delayed or damaged by another subcontractor's interference, act or omission, Prime Subcontractor shall look solely to such other subcontractor for redress and not to the Developer.

5. QUALITY OF MATERIAL AND DEFECTS

5. Prime Subcontractor agrees that all materials and equipment furnished and installed shall be new unless otherwise specified, free from faults and defects, in conformance with the plans and specifications and must comply with the applicable construction codes of the local, state or federal agencies having jurisdiction. All materials and equipment shall be installed, applied, connected, operated, cleaned and conditioned as directed by manufacturer. All labor and installation shall be performed in the best and most workmanlike manner and consistent with the quality standards required by Developer and/or industry standards, by mechanics skilled in their respective trades. All materials, equipment, labor or installation not conforming to the requirements hereof shall be considered defective. In the event of defective materials, equipment, labor or installation, Prime Subcontractor agrees to correct such defect immediately upon receipt of written notice from the Developer. If, after 24 hours from the Prime Subcontractor's receipt of written notice from the Developer, Prime Subcontractor has not corrected such defect, then Developer may, without prejudicing or limiting any other remedy it may have, correct such defect and deduct the cost thereof from any payments then or thereafter due the Prime Subcontractor from Developer.

6. INDEMNITY AND INSURANCE

(A) Prime Subcontractor shall secure and maintain for the duration of the contract such insurance as will protect it from claims under the Worker's Compensation Statute for the state in which the work is located and from such claims for bodily injury, death or property damage as may arise in the performance of Prime Subcontractor's services under this Agreement, such coverage to be equal or greater than the minimum limits hereinafter set forth.

(B) The Prime Subcontractor hereby agrees to assume the entire responsibility and liability for any and all injuries or death of any and all persons and any and all losses or damage to property caused by or resulting from or arising out of any act, neglect or negligence, omission or agreement on the part of the Prime Subcontractor, its agents, officers, employees, subcontractors or servants in connection with this Agreement or with the prosecution of the work hereunder, whether covered by the insurance specified herein or not. Prime Subcontractor shall indemnify, defend and save harmless the Developer, its agents, officers, employees, affiliated entities (including but not limited to condominium associations established by Developer and its trustees and members) from any and all claims, losses, damages, fines or penalties, legal suits or actions including reasonable attorney's fees, expenses and costs which may arise out of any and all such claims, losses, damages, legal suits or actions for the injuries, deaths, losses and/or damages to persons or property.

(C) Without any limitation to the obligations set forth in subparagraph 6(B), Prime Subcontractor further agrees that Prime Subcontractor's indemnification to Developer hereunder shall extend to and include any imputed or vicarious liability of Developer arising from any acts, negligence, omission or agreement of Prime Subcontractor. By way of example, and not of limitation, if any acts, negligence, omission or agreement on the part of the Prime Subcontractor, its agents, officers, employees, subcontractors or servants in connection with this Agreement or with the prosecution of the work hereunder or otherwise causes or operates as a violation of the Federal Occupational Safety and Health Act 29 U.S.C. 651 et seq. ("OSHA") or similar or related laws, rules, regulations, codes, standards or requirements (regardless of whether the Developer, the Prime Subcontractor or others either jointly or severally are named as parties in any suit or proceeding relating thereto or actually receive a citation, summons, complaint, fine, violation or notice of violation for same, etc.), Prime Subcontractor shall indemnify, defend and save harmless the Developer, its agents, officers, employees, or affiliated entities (including but not limited to condominium associations established by Developer and its trustees and members) from any and all claims, losses, damages, fines or penalties, legal suits or actions including reasonable attorney's fees, expenses and costs which may be brought relative thereto be they for injuries, deaths, losses or damages to persons or property or be they related to or in any way involving claims based on or arising from actual or alleged violations of OSHA or similar or related laws, codes, standards, regulations, rules or requirements with which Developer becomes directly or indirectly involved. This indemnity from Prime Subcontractor shall extend to and include, but shall not be limited to, matters as to which Prime Subcontractor and Developer each may be alleged to be or found liable for negligence or other fault or liability arising from the same incident, accident or state of facts. However, this indemnity from Prime Subcontractor to Developer shall not be construed to extend to or include claims, losses, damages or expenses of any kind arising from the sole negligence of Developer.

(D) Prime Subcontractor shall assume and defend, at its sole expense, any suit, claim or legal or other proceedings for which indemnity is hereby required, with legal counsel subject to approval by Developer.

MINIMUM LIMITS OF INSURANCE COVERAGE

Worker's Compensation:	Statutory Per State Requirement
Comprehensive General Liability (Incl. contractual liability):	\$1,000,000 Combined Single Limit (CSL)
Automobile Liability:	\$500,000 Combined Single Limit (CSL)

Not less than three (3) days prior to commencing work, the Prime Subcontractor shall deliver to Developer, at the address shown on the first page hereof, an insurance certificate naming "K. Hovnanian Developments of New Jersey, Inc., its subsidiaries and affiliated companies" as an "additional insured" (not a certificate holder) evidencing the above specified coverages. The insurance certificates shall additionally waive the carriers' rights of subrogation as to the Developer, and shall provide that the insurance coverage will not be decreased, changed, terminated or cancelled without ninety (90) days prior written notice to Developer. It shall be the Prime Subcontractor's responsibility to renew insurance certificates as they expire and to deliver a copy of the renewal certificate to Developer at least ten (10) days prior to their expiration. Failure to maintain insurance coverage in accordance herewith shall constitute a breach of the Agreement and shall entitle Developer to withhold payments required hereunder or to suspend or terminate Prime Subcontractor.

7. SAFETY PRECAUTIONS

The Prime Subcontractor shall be responsible during its performance of the work required herein, for initiating, maintaining and supervising all safety precautions and programs required so as to prevent injury to all persons, property and the work. Prime Subcontractor shall be responsible for protecting against damage, injury or loss to:

1. All persons involved in the work and all other persons who may be in any way affected thereby; and
2. All the work, along with all materials and equipment to be incorporated in the work or utilized in the performance of the work whether in storage, on or off the site, under the care, custody or control of the Prime Subcontractor or any of its subcontractors, employees or other agents and all work being performed by others; and
3. Other property of any type or description located at or adjacent to the site, including trees, shrubs, lawns, roadways, structures, and utilities not designed for removal, relocation or replacement in the course of construction either by the Prime Subcontractor or by others.

By execution hereof, Prime Subcontractor represents and warrants that Prime Subcontractor: (a) has previously instructed or immediately upon execution hereof will instruct each of Prime Subcontractor's employees who will perform work hereunder in the recognition of unsafe conditions, as required by 29 CFR Part 1926.21 (b)(2); (b) has previously instructed or immediately upon execution hereof will instruct each of Prime Subcontractor's employees who will perform work hereunder in the regulations of the United States Occupational Safety and Health Administration ("OSHA") applicable to the employee's work environment, as required by 29 CFR Part 1926.21(b)(2) and work to be performed hereunder by Prime Subcontractor; (c) has currently or immediately upon execution hereof will commence and implement an appropriate hazard communication program, including hazard communication training, as required by CFR 1926.59 including Material Safety Data Sheets (MSDS) requirements as well as the proper labelling of the containers of all materials having hazardous components; (d) is familiar with the OSHA standards applicable to Prime Subcontractor's work and shall comply therewith; (e) will continue to instruct and train new employees of Prime Subcontractor performing work under this Subcontract Agreement as to the above and any other applicable OSHA rules and regulations and requirements throughout the period of time the Prime Subcontractor is performing work under this Subcontract Agreement; (f) will require each of its subcontractors who will be performing work on the subject project to supply to Prime Subcontractor a writing containing the same representations and warranties made above by Prime Subcontractor to evidence compliance by subcontractors with the obligations set forth above; and g) file a Safety Violation Report when applicable on the form provided by Developer. All work to be performed by the Prime Subcontractor shall be in accordance with all applicable federal, state, and local laws, ordinances, codes, rules and requirements bearing on safety of persons or property or their protection from damage, injury or loss. Prime Subcontractor is solely responsible for same. **NO PERSON UNDER THE AGE OF 18 IS TO BE ALLOWED ON THE CONSTRUCTION SITE.** Prime Subcontractor shall post all necessary danger signs and other warnings against hazardous conditions existing, or which might exist on the work site. Prime Subcontractor shall exercise due care under the circumstances in handling and storing all materials and equipment necessary for execution of the work and shall not load any part of the work material or equipment in any manner which would endanger its safety or the safety of persons or property. Prime Subcontractor shall install or post all necessary barricades around excavations or obstructions exposed to public traffic or which otherwise present a danger and shall protect such excavations from cave-in or collapse. All scaffolds, platforms, temporary floors, ramps, ladders and all temporary structures necessary for performing the work will be erected and maintained by the Prime Subcontractor so as to prevent injury or damage to persons, property or the work. Prime Subcontractor hereby indemnifies and holds Developer harmless for any and all claims, demands, lawsuits, costs, judgements, losses and liabilities including reasonable attorney fees of the Developer which in any way relates or is pertaining to breach of or negligence in performance of the work or the Prime Subcontractor's performance of duties required in this Paragraph or by law whether or not it is contended that the Developer contributed thereto in whole or in part.

8. LABOR DISPUTES

The presence of picket lines of any kind or form or the occurrence of labor dispute or union activity of any nature shall not excuse the Prime Subcontractor of its obligation to perform the work required under this Agreement, including but not limited to the furnishing of all labor, materials and equipment as specified in the Agreement. Failure or refusal to perform said work for Developer because of a labor dispute or union activity of any kind (whether or not the dispute relates to its Prime Subcontractor, the Developer or a third party) shall result in the cancellation of this contract at the discretion of the Developer without any prior notice to the Prime Subcontractor. Upon cancellation by the Developer, the Prime Subcontractor shall be liable for all damages including consequential damages, including but not limited to, any additional

expense incurred by Developer to perform the work for the duration of any such labor dispute or union activity or in replacing Prime Subcontractor after cancellation of the contract by the Developer or for loss of any revenue caused by Prime Subcontractor's failure or refusal to perform the work called for under this Agreement. Damages may be deducted by the Developer from any monies due to Prime Subcontractor from Developer at time of cancellation. Prime Subcontractor shall employ labor and purchase materials pursuant to terms and conditions that foster good and harmonious labor relations at the site.

9. PRIME SUBCONTRACTOR - SOLE EMPLOYER

It is understood and agreed that the Developer and Prime Subcontractor are not joint employers. Employees, subcontractors, materialmen and suppliers of the Prime Subcontractor are, and remain, solely its employees or contractors. The Prime Subcontractor has the sole and exclusive right to hire, fire, supervise and direct its workforce; appoint supervisors or managerial personnel; set compensation and fringe benefits; establish wages, hours and working conditions; pay and remit all withholding taxes, Social Security, unemployment taxes and such other monies as may become payable as a result of an employer-employee relationship. No third party beneficiary relationship is created between those hired by the Prime Subcontractor and the Developer.

10. GUARANTEE

Prime Subcontractor agrees that labor, materials, equipment and installation supplied pursuant to this Agreement shall be unconditionally guaranteed to the later of : (1) one year from the date of Developer's payment for the labor, materials, equipment or installation provided or (2) one year from the date of Developer's transfer of title of the property on which the work or installation was performed or material or equipment supplied to a bona fide purchaser for value in an arm's length transaction or (3) for the length of the manufacturer's warranty or (4) two (2) years from the date of Prime Subcontractor's completion of each of the common facilities within the complex Developer is developing or (5) for the length of time Developer extends guarantees to Buyers or (6) the expiration date of the applicable statute of limitations. In the event a defect in the improvements is discovered, whether resulting from faulty labor, workmanship, installation or defective equipment or materials, Prime Subcontractor shall be responsible for correcting said defect within five (5) days of notice of said defect and for damage resulting from said defect. All manufacturer's warranties are to be supplied to Developer prior to payment. Payment is not evidence of acceptance of non-conforming or defective work.

11. EXTRAS

No extras will be allowed for any work unless Developer and Prime Subcontractor agree in writing in advance of the performance of such extra work or the amount of work which will constitute an extra and the total cost thereof, and no act, other than a writing, shall constitute a waiver of this requirement. Failure to agree in writing in accordance with this Paragraph that an item of work shall constitute an extra shall be conclusive in any action between the parties that the work so performed was intended to be within the scope of the work defined herein and does not constitute an extra. **ALL INVOICES FOR ALL EXTRA WORK SHALL BE SUBMITTED NO LATER THAN NINETY (90) DAYS AFTER WORK IS COMPLETED OR DEVELOPER SHALL NOT BE OBLIGATED TO PAY FOR SUCH EXTRA WORK.** The issuance and/or performance of extra work shall not abrogate, vary, avoid or affect the terms of this Agreement or extend the time of completion, unless an extension of time is expressly requested by Prime Subcontractor and granted by Developer in accordance with the provisions of this Agreement. When work is required to be done but the parties cannot agree whether it is extra work or contract work or cannot agree on the value of the work ordered to be done, the Prime Subcontractor shall perform the work without delay upon written order from the Developer. If the Prime Subcontractor refuses or fails to proceed, it shall be a material breach of this Agreement subjecting the Prime Subcontractor to being held in default whether or not the Prime Subcontractor is correct in its contentions, as the parties acknowledge that work on the site must not be delayed due to such a dispute. Prime Subcontractor shall maintain daily records signed by Developer's Representative of the actual quantities of labor, material and equipment used by Prime Subcontractor in performing such disputed work. Failure to keep such records will result in a waiver of any claim for an extra for such work.

12. ACKNOWLEDGEMENTS

Prime Subcontractor has carefully examined the job site, plans and specifications before entering into the within Agreement. No allowance will be made by Developer for, and Prime Subcontractor will not assert a claim for, a unilateral or other mistake based upon lack of full knowledge of any and all conditions, regulations, inspections, building codes, etc. except as to such underground conditions that are indeterminable before commencement of work. Prime Subcontractor acknowledges that Developer, in reliance upon the terms and conditions of the within Agreement, has sold to third parties, at fixed prices, the dwelling units being constructed on the subject job site. Prime Subcontractor further acknowledges that

should Prime Subcontractor fail to adhere to the terms and conditions hereof, Developer may suffer economic loss or business reputation loss for which Prime Subcontractor agrees to be liable to Developer.

13. INSPECTIONS AND ACCEPTANCE

It shall be the responsibility of the Prime Subcontractor to schedule and pass all required inspections with the proper governmental authorities within the allotted time frame in Developer's Master Schedule. Upon completion of each separate item of the work, Prime Subcontractor shall notify Developer and the inspection authorities and request final inspection. Prime Subcontractor shall not proceed to the next level of work until required inspections have been made by Developer and proper governmental authorities.

Prime Subcontractor's On Site Representative shall be present during all inspections by the governmental authorities. Prime Subcontractor will be responsible for paying all fines/reinspection fees resulting from failed governmental inspections. Prime Subcontractor shall be liable to Developer for consequential damages resulting from the cover-up of damaged work.

14. PAYMENT AND PRICE

Purchase orders (white and yellow copies) may be issued to Prime Subcontractor at the time the work commences for contract items per the Schedule "A" Attachment to the Subcontract Agreement.

Prime Subcontractor, upon completion of the work and after an acceptable inspection by Developer, will sign and date the purchase order in the space provided and submit the yellow copy of the purchase order to Developer's Representative for approval. Prime Subcontractor, at his option, may attach to the yellow copy of the purchase order his invoice in which case the invoice number will be printed on the check. Developer's Representative will submit the purchase order to Developer's Corporate Headquarters for payment.

The yellow copy of the purchase order is the only copy acceptable for submission for payment. Developer will not accept the white copy or photo copies of purchase orders. The white copy is for Prime Subcontractor's records.

In the event the work is not completed and the purchase order is to be partially paid, the purchase order will be adjusted by the Developer's Representative and a new purchase order will be issued for the remaining amount.

Purchase orders will be paid within thirty (30) days of the approved purchase order date, subject to the retention provision of this Agreement. Payment of purchase orders by Developer shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

If purchase orders are not issued, Prime Subcontractor may submit an invoice for work performed. Prime Subcontractor must include Vendor Number, Function Number and Subfunction Number on all invoices submitted for payment. Invoices shall be paid within thirty (30) days of the approved invoice date. If work is not completed by the date of invoice, then Developer has the right to hold invoice until work is completed and invoice will be paid within thirty (30) days thereafter. Payment amounts shall be made in accordance with Schedule A subject however to the retention provision of this Agreement. Payment by Developer shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

The prices quoted in Schedule A shall not be subject to change for a period, phase or section of One (1) year effective as of the date of this Agreement. After one (1) year, this Agreement shall be automatically renewed on a month-to-month basis with all prices and conditions remaining unchanged.

Prime Subcontractor must provide Developer with written notification forty-five (45) days prior to any price change. In the event the Prime Subcontractor and Developer are unsuccessful in negotiating a price change and Prime Subcontractor subsequently withholds its services or fails to provide the necessary labor and/or materials in a timely manner, thereby interfering with the job progress, the Developer may terminate this Agreement and apply any payment due then or thereafter to additional expenses incurred in securing the completion of work and material obligations of the Prime Subcontractor. Payments may be withheld by Developer on account of (1) defective work not remedied, (2) claims filed by third parties, (3) failure of the Prime Subcontractor to pay its obligations, (4) reasonable evidence that the work cannot be completed for the unpaid balance of the contract sum, (5) damage to the Developer or another subcontractor, (6) reasonable evidence that the work will not be completed within the contract time, (7) failure to carry out the work in accordance with the contract documents or (8) anticipated costs relating to service repairs for which Prime Subcontractor

is obligated under Paragraphs 10 and 25 of this Agreement. The final payment exclusive of retention shall be payable to the Prime Subcontractor after the work is completed and accepted and provided the work described in this Agreement is fully completed and performed in accordance with the contract documents and is satisfactory to the Developer. Before final payment, the Prime Subcontractor shall deliver to the Developer, on demand, duly executed releases extending to the Developer from each creditor of the Prime Subcontractor and a similar release from the Prime Subcontractor to the Developer. Payment by the Developer to the Prime Subcontractor of the final payment and the acceptance of such payment by the Prime Subcontractor, shall constitute a release by the Prime Subcontractor of the Developer of all things arising from or in breach of this Agreement, or resulting from the Prime Subcontractor's presence on the site, whether in contract, tort or otherwise, except any guarantee monies retained by the Developer.

Before making any payment to the Prime Subcontractor, the Developer shall have the right to request and receive from the Prime Subcontractor an affidavit stating in detail the unpaid obligations of the Prime Subcontractor in performing this Agreement, the names and addresses of creditors and the amounts due or to become due, and a statement of any condition causing the Prime Subcontractor to be delayed in the performance of its work.

The Prime Subcontractor shall deliver to the Developer on demand, statements and invoices of all materials and equipment furnished, receipted bills showing full payment of all obligations, receipted and certified payrolls showing full payment to all employees of the Prime Subcontractor or its subcontractors of wages earned during the preceding payroll periods.

15. RETENTION

The Prime Subcontractor agrees to have N/A % withheld from his Invoice payments, not to exceed \$ N/A, as partial assurance to Developer of his performance hereunder. Upon the expiration of N/A years from the date of this Agreement, said retainage shall be paid over to Prime Subcontractor subject to reductions as allowed hereunder. Release of said retainage shall not be interpreted to mean that Prime Subcontractor has performed all of its obligations pursuant to this Agreement.

16. TAXES (ST-8 FORM)

All Federal, State, County or Municipal sales, excise, payroll or other taxes required to be paid by law and all delivery costs are included in the contract sum and shall be paid by the Prime Subcontractor. Invoicing must show sales tax as a separate item on invoice, if applicable. In accordance with the ST-8 form attached for Prime Subcontractor's signature, Prime Subcontractor must certify that all sales and use taxes due will be paid by the Prime Subcontractor on purchases of materials incorporated or consumed in the performance of the Agreement described herein.

17. TERMINATION BY DEVELOPER

If Prime Subcontractor (a) shall fail to commence the work within the time required by the provisions hereof: or (b) shall, after commencement of the work hereunder, at any time interrupt the continuous prosecution thereof for a period of more than two (2) business days; or (c) shall fail to supply sufficient manpower; or (d) shall fail to perform satisfactory workmanship; or (e) shall default in the performance of any covenant or condition hereunder, and shall fail to remedy such default within 24 hours from the time and date of written notice from Developer, requesting compliance with the terms hereof; then, in such event, Developer may terminate this Agreement by giving written notice to Prime Subcontractor; whereupon this Agreement shall be fully terminated and cancelled. In such event, Developer shall proceed to complete or cause to be completed the work Prime Subcontractor was obligated to do hereunder, and Prime Subcontractor shall promptly pay to the Developer upon written request thereof, the amount of any damages sustained by Developer as a result of Prime Subcontractor's failure to so complete the work pursuant to this Agreement, including without limitation, all costs and expenses incurred by Developer in connection with completing the work to the extent that such costs and expenses exceed the unpaid balance of the contract price specified in Schedule A hereto. Upon termination, Developer, at its option, may use any and all materials, equipment or tools furnished by or belonging to the Prime Subcontractor to complete the work. Developer, at its option, may take over any orders or subcontractors of the Prime Subcontractor which the Prime Subcontractor hereby assigns to the Developer, upon termination of or taking over the work of the Prime Subcontractor in whole or in part.

The foregoing remedy shall be cumulative and not exclusive of any other remedies of Developer at law or in equity. In the event Developer institutes a lawsuit against Prime Subcontractor to recover damages caused by Prime Subcontractor's breach of this Agreement and a court of competent jurisdiction finds that Developer is entitled to recover such damages against Prime Subcontractor, Prime Subcontractor shall also be responsible for Developer's costs of litigation and Developer's reasonable attorneys fees at both the trial and appellate levels.

Developer may terminate this Agreement and command Prime Subcontractor to cease work for any reason or no reason whatsoever, upon thirty (30) days written notice. If such termination is for the convenience only of Developer, and Prime Subcontractor is not then in default in the performance of any of the terms and conditions hereof, Prime Subcontractor shall be paid for its work completed to the date of termination subject, however, to the retention provisions of this Agreement and Prime Subcontractor shall remove its tools, equipment, personnel, debris and materials from the job site. In the event of such termination, Prime Subcontractor shall not be entitled to damages of any kind.

18. TERMINATION FOR CONVENIENCE OF PRIME SUBCONTRACTOR

Prime Subcontractor may terminate this contract by giving Developer forty-five (45) days written notice of its desire to terminate. If, as of the date of such termination, Prime Subcontractor is not in default of its performance under this Agreement, Prime Subcontractor will be paid for its work completed to the date of termination subject, however, to the retention provisions of this Agreement.

19. TEMPORARY ON SITE STORAGE

The Developer may, at its discretion, provide a temporary location for the Prime Subcontractor's use as a supply or storage area. Developer takes no responsibility for Prime Subcontractor's goods, equipment, tools, materials or facilities, nor will Developer provide utilities for Prime Subcontractor's use. Prime Subcontractor hereby agrees to indemnify and hold harmless the Developer from any claims, losses, damages or expenses including reasonable attorney's fees and costs incurred in connection with the use of said supply or storage areas. Prime Subcontractor shall be responsible for maintaining its supply or storage area in a neat, safe and sanitary condition and shall vacate said supply or storage area upon ten (10) days written notice from Developer. If the location of the supply area is changed by Developer, Developer will coordinate the movement of any of Prime Subcontractor's trailers located in the storage area and Prime Subcontractor shall reimburse Developer for any expense associated therewith.

20. PROTECTIONS

The Prime Subcontractor shall see that no utility lines of any nature shall be cut, disconnected or disturbed without permission from the Developer or the authority having jurisdiction. Prior to any digging or trenching, it shall be the Prime Subcontractor's responsibility to contact the underground location service of the utility and to notify the Developer of Prime Subcontractor's intention to dig or trench. Prime Subcontractor shall indemnify, defend and hold harmless Developer from any and all damages and claims including the costs of any suits or legal proceedings including attorney's fees arising from Prime Subcontractor's failure to comply with this provision.

21. CONTROL OF WORK

It is understood that the Developer shall have the right, at any time including during the progress of construction, to make any alteration, additions or omissions that it may desire, to the work or material herein specified or shown on the plans and specifications. Such alterations, additions or omissions shall not be a basis for the termination of the within Agreement, but if such changes are made, the value of same must be agreed upon in writing between the Developer and Prime Subcontractor.

Developer reserves the right to delete from the Subcontract Agreement any portion of the work bid on and/or awarded and to make the appropriate price reduction.

22. MEASUREMENTS, ERRORS AND/OR OMISSIONS

The plans and specifications show the general features of the construction. Before proceeding with any of the work, the Prime Subcontractor shall carefully check all the plans and specifications and shall be responsible for notifying the Developer of any conflicts, omissions or discrepancies contained herewith. The Developer shall make the final decision as to the correct interpretation of the plans and specifications. If there is a conflict, omission or discrepancy in the plans and specifications that Prime Subcontractor fails to notify Developer of prior to its commencement of work, Prime Subcontractor shall be responsible for all costs and repairs associated with correcting such conflict, omission or discrepancy.

23. JOB CONDITIONS

Each Prime Subcontractor shall be responsible for checking the buildings and site area prior to commencing work and for notifying the Developer if any repairs are necessary or if areas are not ready for performance of this trade.

24. CUTTING AND PATCHING

The Prime Subcontractor shall do all cutting, fitting or patching of his work that may be required to make its several parts come together properly and fit it to receive or be received by other work shown, or reasonably implied, by the plans or specifications or required for the completed structure.

PRIME SUBCONTRACTOR SHALL NOT, WITHOUT THE WRITTEN CONSENT OF DEVELOPER, REMOVE, ALTER, MODIFY OR CHANGE ANY STRUCTURAL COMPONENT OR EQUIPMENT AND/OR INSTALLATION OF OTHER SUBCONTRACTORS. IN THE EVENT PRIME SUBCONTRACTOR SHALL REMOVE, ALTER, MODIFY OR CHANGE ANY STRUCTURAL COMPONENT OR EQUIPMENT AND/OR INSTALLATION OF ANY OTHER SUBCONTRACTOR, PRIME SUBCONTRACTOR SHALL INDEMNIFY, DEFEND, REIMBURSE AND HOLD HARMLESS DEVELOPER FOR ANY AND ALL INJURIES AND CLAIMS, WHETHER DIRECT OR CONSEQUENTIAL, RESULTING FROM SUCH NON-AUTHORIZED REMOVAL, ALTERATION, MODIFICATION OR CHANGE.

25. SERVICE REPAIRS

The Prime Subcontractor is responsible for all service repairs connected with its work, whether the repairs were occasioned by the Prime Subcontractor's work or the work of others. He will be notified in writing of such repairs by means of a service repair ticket. When the repair is made and completed, Prime Subcontractor shall obtain the signature of the homeowner or Developer's representative on the service repair ticket and forward this ticket to the Service Department. If the repairs were due to or caused by the work of others, Developer agrees to compensate the Prime Subcontractor as Prime Subcontractor and Developer may agree in accordance with the unit prices established by this Agreement.

All service repairs must be completed within 24 hours of notification or the Developer, at his option, will request the repair to be made by others and charge this Prime Subcontractor for the cost of the work and coordination.

26. EMERGENCY SERVICE REPAIRS

Prime Subcontractor shall establish an emergency repair telephone number which shall be manned on a 24 hour, seven day a week basis. This emergency number will be given to the Buyers of the dwelling units upon which the Prime Subcontractor has performed the work pursuant to this Agreement. Within 24 hours of being notified of an emergency, health or safety situation the Prime Subcontractor shall take appropriate steps to remedy the emergency. What comprises an emergency, health or safety situation, cannot be adequately defined and will therefore be reviewed on a case by case basis. If Prime Subcontractor fails to take any appropriate action, Developer, at its option, will request the repair to be made by others and charge the Prime Subcontractor for the reasonable cost of the work performed.

27. RECORDATION

Prime Subcontractor expressly agrees that this Agreement shall not be recorded and that Prime Subcontractor will file no Mechanics or Materialman's lien, mechanics notice of intention or take any other action which may result in the attachment of a lien on the property on which the work is being performed. Prime Subcontractor warrants and covenants that it shall obtain a written agreement from all of its subcontractors, if Prime Subcontractor is allowed by Developer to utilize subcontractors, pursuant to Paragraph 31, whereby said Prime Subcontractor's subcontractors or suppliers agree not to record any Mechanics or Materialman's lien, mechanics notice of intention or take any other action which may result in the attachment of a lien on the property on which the work is being performed in connection with this project. Prime Subcontractor shall pay promptly when due, for all labor and material used in connection with, or specially fabricated for, the work performed by Prime Subcontractor hereunder. Failure to comply with this Paragraph shall be deemed a material and substantial breach of contract, for which Developer may immediately terminate this Agreement and exercise any other of Developer's remedies hereunder.

28. CLEAN-UP

At the end of each day when Prime Subcontractor has performed work on the job site, Prime Subcontractor shall pick up any and all trash and/or debris caused by him as a result of his work on the subject job site and deposit same in the trash receptacle specified by Developer. Failure to comply with Developer's instructions may result in Prime Subcontractor being assessed those extra costs that Developer would have to pay to properly dispose of mixed debris versus specified, separated debris. Developer shall supply the aforesaid trash receptacle at Developer's expense.

29. ACCESS AND FIELD CONDITIONS

Prime Subcontractor shall access the site through specified locations and gates under direction of Developer. As warranted by field conditions, and at the discretion of the Developer, Prime Subcontractor may be required to wash off the wheels of his vehicle departing the site. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this Agreement. Developer shall provide a wash station, if required, at Developer's expense.

30. WORK DAY/WORK WEEK

A minimum of eight (8) hour per day, six (6) day work week (Monday - Saturday) is a condition of this contract in order to meet the required completion dates. This is subject to local regulations which may govern work days or work hours. Prime Subcontractor shall adhere to all such regulations. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this Agreement.

31. SUBCONTRACTORS

No subcontractors shall be used on this work by Prime Subcontractor unless previously approved in writing by Developer. Prime Subcontractor shall supply Developer with a list of possible subcontractors as part of its bid package. For all subcontractors approved by Developer, Prime Subcontractor warrants and covenants that it shall enter into written agreements with these subcontractors requiring them to carry insurance in compliance with Paragraph 6 of the Agreement and to also comply with Paragraphs 7 (Safety Precautions), 27 (Recordation) and 39 (Written Notification of Injury/Accident). Failure to comply with this Paragraph shall be deemed a material and substantial breach of contract, for which Developer may immediately terminate this Agreement and exercise any other of Developer's remedies hereunder.

32. PERMITS

The Developer shall obtain and pay for all his permits, inspection fees, and bonds required for the performance of the work, unless otherwise specified. Any surety bonds required from or furnished by Prime Subcontractor shall be from surety companies duly licensed and approved by the State of New Jersey.

33. SANITARY PROVISIONS

Adequate toilet and sanitary facilities shall be provided and maintained by the Developer for Prime Subcontractor's use. Said facilities shall be kept in sanitary condition.

34. GRADE LINES AND LEVELS

The Developer shall establish and maintain all grade lines, levels, bench marks, etc., except those specifically mentioned as a part of the Prime Subcontractor's work. Prime Subcontractor will be responsible for costs incurred by Developer for any restaking of grade lines, levels, bench marks, etc., due to Prime Subcontractor's negligence.

35. HEADINGS

Any titles or headings herein are for purposes of reference only and shall not be deemed to be a part of the Agreement.

36. GOVERNING LAWS

This contract shall be governed by the laws of the State of New Jersey.

37. NON-EXCLUSIVE

The Developer may, under separate agreement, engage others to accomplish the work of the same trade of the Prime Subcontractor at this project location.

38. PROHIBITION OF PERFORMING WORK FOR DEVELOPER'S EMPLOYEES

Without the written consent of the President of Developer, Prime Subcontractor shall not perform any non-emergency work of any nature whatsoever for any employee of Developer or its affiliated companies. Failure of Prime Subcontractor to comply with this Paragraph shall be deemed to be a material and substantial breach of this agreement.

39. WRITTEN NOTIFICATION OF INJURY/ACCIDENT

Prime Subcontractor shall notify the Developer, in writing, of any and all personal injury or property damage within 24 hours of such personal injury or property damage resulting from the Prime Subcontractor's performance hereunder. The written notification shall include, at a minimum, the following information:

- Name of injured party or location of property damaged;
- Social security number of Injured party;
- Address of Injured party;
- Employer name and address;
- Telephone number of injured party;
- Date and time of accident;
- Location where injury occurred;
- Description of injury or extent of property damage;
- Description of injury and extent of injury/damages;
- Action taken with respect to injury or damage;
- Name, address and telephone number of witnesses to injury or property damage;
- Name, address and telephone number of person making report and date report made;
- On Site Representative's name;
- On Site Representative's signature.

40. RETURN OF MATERIALS FOR CREDIT

Developer reserves the right to return to Prime Subcontractor any materials provided hereunder which do not comply with the specifications set forth in this Agreement. Prime Subcontractor shall give Developer full credit for such items returned and Prime Subcontractor shall further be responsible for the cost to remove and return said non-complying materials and for all costs associated with the reinstallation of the specified materials.

41. ALL CHANGES IN WRITING

This Agreement cannot be changed or modified orally. Any change or termination must be in writing and signed by the parties.

42. ASSIGNMENT

Any assignment by the Prime Subcontractor of this Agreement or any interest in it or any money due or to become due without the written consent of the Developer is prohibited and shall be void. Any assignment with the consent of the Developer shall not relieve the assignor of any responsibility or obligation under the Agreement.

43. PRIOR AGREEMENTS

This Agreement sets forth the entire understanding of the parties hereto and supersedes all other agreements and understandings among or between any of the parties hereto relating to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent agreements of the parties.

SCHEDULE C

CITY OF NEWARK AFFIRMATIVE ACTION REQUIREMENTS

The Prime Subcontractor shall adhere to all terms and conditions of the City of Newark's Affirmative Action Program, ordinances and rules and regulations relative thereto, all as amended. Prime Subcontractor shall comply with same and will complete all forms and supply all information and documents requested by the Developer or City of Newark Officials. By signing this Prime Subcontractor's Agreement Prime Subcontractor confirms that he has reviewed all applicable ordinances, rules and regulations, copies of which are maintained in the construction trailer at the project which included but is no limited to Newark Municipal Council Resolution TRBC, Ordinance 6 and FBE enacted December 9, 1984, which amends Newark Revised Ordinance 2:2-40.1 et. seq. which outlines monetary penalties and punishment and other terms regarding compliance. In addition the following pertains:

1. Primary Subcontractor is to complete the required appendixes A thru G inclusive and defined by the office of Affirmative Action City of Newark: Standard Operating Procedures. A copy of the standard operating procedures with forms revised May 1988 is attached for your general review. Contact either Anthony Battle or Linda Thorne at the City Affirmative Action Department (201) 733-8159 for the most recent procedure manual and guidance in completing appendixes A thru G.
2. Form A thru G are to be completed and executed by the Prime Subcontractor at the time of contract signing. Originals are to be forwarded by the Prime Subcontractor to the City of Newark attention Anthony Battle. A copy set is to be submitted to the Developer with the contract documents at the time of signing.
3. Appendixes F and G are to be updated and submitted to the Developer's Field Administrative Assistant before the 3rd of each month. Appendix G is to include the total dollar amount awarded to the Prime Subcontractor up to the current month. Appendix F defines the onsite work force personnel for that month.
4. A certified weekly payroll is to be submitted Friday of each week to the Developer's Field Administrative Assistant. Sample Form attached for review.
5. Prime Subcontractor's foreman/supervisor is to submit a daily work force head count to the Developer's Field Administrative Assistant no later than 8:30 a.m. of each work day. The head count for any work activity performed by the Prime Subcontractor on the weekend is to be documented and submitted the Monday following no later than 8:30 a.m.
6. Failure to comply and/or submit the required documentation as described or required by the City of Newark Affirmative Action Department will result in a delay of payment of monies to the Prime Subcontractor until such documentation is in order.

Description

Submit

Appendix A thru G
Updated Appendix F and G
Certified Weekly Payroll
Daily Head Counts

Time of Contract signing
3rd of each month
Friday of each week
8:30 a.m. each day

KHOV004887

SCHEDULE C

Women's Business Enterprises

Furthermore, City of Newark is actively representative of the Women's Business Enterprises. Contact Linda Thorne for information at (201) 733-6394.

If Prime Subcontractor has represented to Developer that it has reviewed MBE/WBE qualification requirements and that it can obtain certification as an MBE/WBE. Prime Subcontractor is to provide to Developer proof that it has submitted all necessary documentation for the above certification process to a certifying agency approved by Developer and the City of Newark and to provide to Developer copy of all said documentation. The Prime Subcontractor shall provide to Developer verification of it receiving certification within five (5) days of receipt of same from the certifying agency. Prime Subcontractor shall have a continuing obligation to forward copies of all communication to or from the certifying agency during the certification process or at any time thereafter if Prime Subcontractor's certification is in question.

KHOV004888

Office of Affirmative Action City of Newark

STANDARD OPERATING PROCEDURES



City of Newark
Sharpe James
Mayor

MUNICIPAL COUNCIL
Ralph T. Grant, Jr.,
Council President

Donald Bradley
Councilman, South Ward

George Branch
Councilman, Central Ward

Anthony Carrino
Councilman, North Ward

Gary Harris
Councilman-At-Large

Henry Martinez
Councilman, East Ward

Ronald L. Rice
Councilman, West Ward

Donald Tucker
Councilman-at-large

Marie L. Villani
Councilwoman-at-Large

KHOV004889

City of Newark Affirmative Action Program

Standard Operating Procedures

Revised May 1988

PURPOSE:

To establish a procedure for each contractor or sub-contractor to follow with regard to employment and compliance of the Affirmative Action Program.

PROCEDURE:

SECTION I	General Information	Pg. 1
SECTION II	Contractors Responsibilities	Pg. 2
SECTION III	Pre-Award Documents	Pg. 3-10
SECTION IV	Meeting Manpower Goals	Pg. 11
SECTION V	Daily reports	Pg. 13
SECTION VI	Payroll Reports	Pg. 15

KHOV004890

SECTION I
GENERAL INFORMATION

The Standard Operating Procedures Manual has been revised for the purpose of accumulating and compiling all comprehensive information to ensure compliance of the City of Newark's Affirmative Action Plan.

The procedure is mandatory and applies to Owners, Developers, General Contractors, Suppliers and Vendors receiving Tax Abatement, Land Leases, Loans, Grant Contracts, City Contracts and/or other special concessions from the City of Newark.

1. The Office of Affirmative Action is located in City Hall, 920 Broad Street, Room B-25, Newark, New Jersey 07102, (201) 733-6394.
2. All General/Prime Contractors awarded a City Contract, Demolition Contract and/or Construction Project, must attend a Pre-Award Conference with the City of Newark's Office of Affirmative Action.
3. All General/Prime Contractors must complete and submit to the Office of Affirmative Action an entire set of pre-award documents at least one month prior to construction or contract starting, ensuring dates and dollar amounts as required.
4. All Suppliers/Vendors must submit Appendixes A and G if contract or purchase order is in excess of \$4,500. The General/Prime Contractor must include on their Appendix G all suppliers and/or vendors.
5. All Contractors doing any work for or within the City of Newark must register with the License Bureau, City of Newark, 920 Broad Street, Room 115, Newark, New Jersey, prior to starting work.
6. All Minority Business enterprises and Women Business Enterprises, Contractors, Suppliers and Vendors, must be registered with the Office of Affirmative Action, Room B-25, 920 Broad Street, Newark, New Jersey, (201) 733-6394 and certified by an approved government agency. Failure to comply with this requirement may result in disallowance of the MBE dollars for that specific contractor(s).

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7. Minority Business Enterprise (MBE) shall be deemed independently owned and operated, its management is responsible for both its daily and its long-term operation, and if its management owns at least 51 percent interest in the business.

In order to be eligible as a MBE, a business must be a sole proprietorship, partnership or corporation at least 51 percent of which is owned and controlled by persons who are black, Hispanic, Asian American, American Indian or Alaskan natives, which are follows:

Black American: having origins in any of the black racial groups of Africa.

Hispanic American: a person of Mexican, Puerto Rican, Cuban, Central or South America or other non-European Spanish culture or origin, regardless of race.

Asian American: a person having origins in any of the original people of the Far East Southwest Asia, and Indian subcontinent, Hawaii or the Pacific Islands.

American Indian or Alaskan Native: a person having origins in any of the original peoples of North America and who maintains cultural identification through tribal affiliation or community recognition.

8. Minority worker is defined as follows:

- a. Black American: having origins in any of the black groups of Africa.
- b. Hispanic American: a person of Mexican, Puerto Rican, Cuban, Central or South American or other non-European Spanish culture or origin, regardless of race.
- c. Asian American: a person having origins in any of the original people of the Far East, Southeast Asia, and Indian subcontinent, Hawaii or the Pacific Islands.
- d. American Indian or Alaskan Native: a person having origins in any of the original peoples of North America and who maintains cultural identification through tribal affiliation or community recognition.

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SECTION II

CONTRACTOR'S RESPONSIBILITIES

1. The General/Prime Contract is responsible for the awarding of 25% of the total contract/project dollar amount to minority contractor(s) in accordance with the City of Newark's Affirmative Action Ordinance, Chapter 2, Article 11, of the revised Affirmative Action Ordinance of the City of Newark, New Jersey 1984, as amended and supplemented.
2. All Contractors are required to file with the City of Newark's License Bureau, City Hall, Room 115, in accordance with Ordinance to amend Title 8, Businesses and Occupations of the revised Ordinances of the City of Newark, New Jersey 1984 as amended and supplemented adding thereto Chapter 21, Building Contractors. (To establish regulations and procedures for licensing of Building Contractors.)
3. The General/Prime Contractor is responsible for each of his/her sub-contractor's compliance with the City of Newark's Affirmative Action Ordinance. When awarding sub-contracts, the General/Prime Contractor is required to stipulate the requirements in meeting the Affirmative Action Ordinance.
4. The General/Prime Contractor has the responsibility of submitting all documents, manpower and payroll reports as required by the Standard Operating Procedures Manual in accordance with the City of Newark's Affirmative Action Ordinance.
5. All Minority Contractors, Suppliers and Vendors must be registered with the Office of Affirmative Action, Room 8-25, City Hall, 920 Broad Street, Newark, New Jersey 07102, (201) 733-6394 and certified by an approved government agency. Failure to comply with this requirement may result in disallowance of the MBE dollars for that specific contractor(s).

KHOV004893

SECTION III
CITY OF NEWARK'S AFFIRMATIVE ACTION PROGRAM
STANDARD OPERATING PROCEDURE

PRE-AWARD DOCUMENTS

- A. Statement of Compliance
- B. Letter to Subcontractor
- C. Designation of Compliance Officer
- D. Contractor's Goals
- E. Contractor's Obligations
- F. Manning Table (Six-month projection of manpower to be used on project)
- G. Minority Business Utilization Certificate

(All required items to be completed and include the total dollar amount awarded to date. General/Prime Contractors will indicate on their Appendix G. All suppliers and/or vendors with direct awards or purchase orders given by them. All Contractors must submit updated Appendix G before the 5th of each month)

Dollar amount of contract column must equal at minimum the project cost specified in the tax abatement application.

- H. All Minority Contractors will submit a copy of their Certification Documentation from an approved government agency.

****All dates and dollar amounts must be included.**

****All Contractors must complete all of the above appendixes, with the exception of Suppliers and Vendors.**

****Suppliers and Vendors with contracts and/or purchase orders in excess of \$4,500 will complete Appendixes A and G only.**

KHOV004894

AFFIRMATIVE ACTION PLAN

STATEMENT OF COMPLIANCE

The employment policies and practices of the (YOUR COMPANY'S NAME) are to recruit and to hire employees without discrimination because of race, creed, color or national origin, and to treat them equally with respect to compensation and opportunities for advancement, including upgrading, promotion and transfer.

This company submits this plan to assure compliance with Executive Order No. 11246 and subsequent orders and more specifically the Newark Affirmative Action Plan that may pertain to this program and to reaffirm its continued commitment to a program of equal employment opportunity and merit employment policies.

It agrees to assert leadership within the community and to put forth the maximum effort to achieve full employment and utilization of the capabilities and productivity to all our citizens without regard to race, creed, color or national origin.

This company further recognizes that the effective application of a policy of merit employment involves more than a policy statement and will, therefore, undertake a program of affirmative action to make known that equal employment opportunities are available on the basis of individual merit and to encourage all persons seek employment with the company and to strive for advancement on this basis.

President/Director

Your Company's Name and Address

Job Site

c Lynda J. Thornes, Manager
Affirmative Action

KHOV004895

APPENDIX B

This letter must be sent
certified with Return
Receipt Requested, with
copies of both sent to
manager, Office of
Affirmative Action

Subcontractors
234 Main Street
Millsville, NJ

Gentlemen:

Reference: Name of Project, Newark, New Jersey

The (name of your company) is morally and legally committed to nondiscrimination in employment. Any person who applies for a job with this company will not be discriminated against because of race, creed, national origin, handicap or sex.

In policy statements our company has declared a firm commitment to this type of policy in consonance with the Civil Rights Act of 1964, Executive Order No. 11246, NJSA 10:5-31 et.seq.

To this end, as a condition of our company retaining your services we shall expect you to conduct your hiring practices in a nondiscriminatory manner. Furthermore, an aggressive outreach program will be undertaken to increase minority representation.

By agreeing to work on the abovementioned project your firm is committed to policies and practices consistent with the provisions of the Civil Rights Act of 1964 and Executive Order No. 11246. And that you will agree to comply with the Newark Affirmative Action Program as it pertains to the reference project.

Sincerely,

Acknowledgment

John Doe
President

I hereby acknowledge that I have
read the above and agree to comply
with the obligation and
responsibilities aforementioned

c Lynda J. Thornes
Affirmative Action

KHOV004896

APPENDIX B.1

This letter must be sent
certified with Return
Receipt Requested, with
copies of both sent to
Office of Affirmative Action

Local Union 000
234 Main Street
Millsville, NJ

Gentlemen:

Reference: Name of Project, Newark, New Jersey Site # _____

The (name of your company) is morally and legally committed to nondiscrimination in employment. Any person who applies for a job with this company will not be discriminated against because of race, creed, national origin, handicap or sex.

In policy statements our National Unions has declared a firm commitment to this type of policy in consonance with the Civil Rights Act of 1964, Executive Order No. 11246, NJSA 10:5-31 et.seq.

To this end, we earnestly solicit your help by engaging in aggressive recruitment for minorities. May we count on your help in this matter?

Please acknowledge your intentions in this matter and indicate whether or not your policies and practices will be consistent with the provisions of the Civil Rights Act of 1964 and Executive Order No. 11246. And that you will agree to comply with the Newark Affirmative Action Program as it pertains to the reference project.

Sincerely,

Acknowledgment

John Doe
President

I hereby acknowledge that I have
read the above and agree to comply
with the obligation and
responsibilities aforementioned

c Lynda J. Thornes
Affirmative Action

KHOV004897

EQUAL EMPLOYMENT OPPORTUNITY
DESIGNATION OF COMPLIANCE OFFICER

Your Company
231 Oak Street
Town, NJ

Attention: All Employees

(Mr. John Doe) has been appointed the Affirmative Action Compliance Officer, under the direct supervision of (your company's director/president), for the (name of your company). He/she will handle all complaints which allege discrimination because of race, creed, color or national origin. He/she will also handle all compliance situations relative to the Newark Affirmative Action Program.

This company is bound to live up to the provisions of the Civil Rights Act of 1964 and the current Executive Order relating to Equal Employment Opportunity.

(Mr. John Doe) can be reached by telephone at (phone number). His office address is (231 Oak Street, Town, New Jersey).

President/Director

Site

c Lynda J. Thornes
Affirmative Action

KHOV004898

APPENDIX D

CONTRACTOR'S GOALS

Use Company Letterhead

<u>Trade</u>	Minority/Journey Worker's Goals (In Percentage)
Asphalt Workers	
Bricklayers	
Carpenters	
Cement Finishers	
Curb & Sidewalk Installers	
Electricians	
Elevator Constructors	
Glaziers	
Heating Tempature Controllers	
Insulators	
Ironworkers	
Operating Engineers	
Painters	
Plumbers/Pipefitters/Steamfitters	
Pneumatic Tubing Installers	
Roofers	
Sheetmetal Workers	
Tile Setters	

This is a sample form. The City's Goal for Minority Journey workers is 33 1/3% of each trade. However, Minority Laborers will be 50%. If your company's trade is not included, please add it to this list.

KHOV004899

APPENDIX E

CONTRACTOR'S OBLIGATIONS

Your Company's Letterhead

Office of Affirmative Action
City Hall, Room B-25
920 Broad Street
Newark, NJ 07102

Dear Ms. Thornes:

We shall designate the Affirmative Action Officer or his/her designee to submit the weekly payroll records for all crafts covered under the contract provisions. In addition, we will include a monthly cumulative summary of project manhours worked on a craft by craft basis, and identified as to minority or non-minority status.

Failure to submit these reports will result in sanctions.

Sincerely,

John Doe
President

Your Company's Name

Job Site

Address

KHOV004900

NEWARK

PROJECTED START.
PROJECTED COMPL.

KHOV004901

Newark

Minority Business Enterprises Utilization Certificate Office of Affirmative Action

Job Site Address _____

Job Site # _____

Appendix G

Company Name/ Address	Dates	Minority Status	Type of Work Service and/or Supplies	Dollar Amount of Contract
	Contract Awarded Project Start Date Project Completion Date	Minority Yes <input type="checkbox"/> No <input type="checkbox"/> WBE Yes <input type="checkbox"/> No <input type="checkbox"/>		
Phone No. _____				
IRS No. _____				
	Contract Awarded Project Start Date Project Completion Date	Minority Yes <input type="checkbox"/> No <input type="checkbox"/> WBE Yes <input type="checkbox"/> No <input type="checkbox"/>		
Phone No. _____				
IRS No. _____				
	Contract Awarded Project Start Date Project Completion Date	Minority Yes <input type="checkbox"/> No <input type="checkbox"/> WBE Yes <input type="checkbox"/> No <input type="checkbox"/>		
Phone No. _____				
IRS No. _____				
	Contract Awarded Project Start Date Project Completion Date	Minority Yes <input type="checkbox"/> No <input type="checkbox"/> WBE Yes <input type="checkbox"/> No <input type="checkbox"/>		
Phone No. _____				
IRS No. _____				

NOTE: This form MUST be filled out completely, all dates and dollar amounts must be included. This is a monthly form due by the 5th of each month.

IN WITNESS, WHEREOF, the undersigned has caused this certificate to be executed this _____ day of _____, 19____

Signature _____ Sworn and subscribed to me before this day of _____, 19____

KHOV0004902

CITY OF NEWARK'S AFFIRMATIVE ACTION PROGRAM
STANDARD OPERATING PROCEDURES
FOR MEETING MANPOWER REQUIREMENTS

SECTION IV

Purpose: To establish a procedure for each contractor to follow with regard to employment of journeymen, apprentices, referrals and non-union.

Procedures: Journeymen

1. The minority requirement for all journeymen hours 33 1/3% except laborers, laborers shall be 50%. Contractors will make every effort to reach minority head count through union referrals a maximum of seventy-two (72) hours should be allotted for the unions to supply minority journeymen.
2. If the required head count cannot be reached through union referrals, the contractor should document this effort and immediately forward a copy to the City of Newark's Manager, Office of Affirmative Action, Room B-25, 920 Broad Street, Newark, New Jersey 07102.
3. If the contractor refuses to employ any person referred by the union, he must submit a written explanation within 24 hours to the City of Newark's Office of Affirmative Action, keeping in mind that any refusal to employ any person referred must be based solely on ability and/or performance and should not in any way be influenced by union or any other organization affiliation.
4. If, after making a good faith effort to obtain minority journeymen through unions, the contractor cannot meet the minority hour requirement, he must notify the Office of Affirmative Action for the necessary non-union minority journeymen.

KHOV004903

5. If a contract finds that a union will not accept the benefits and/or provide the coverage as per the collective bargaining agreement for non-union journeymen, he should document this effort and submit a copy to the City of Newark's Office of Affirmative Action. He must then pay the fringe benefits to the non-union journeymen in his pay check.
6. The contractor will be considered in compliance **ONLY** when 33 1/3% minority head count goal have been attained for journeymen and 50% minority goal for laborers.

Union Apprentices

1. Union apprentice are to be placed on the job according to the bargaining agreement the contractor and the union.
2. Fifty percent (50%) of all apprentices must be minority.
3. If the contractor refuses to employ any person referred by the union, he must submit a written explanation within 24 hours to the City of Newark's Affirmative Action, keeping in mind that any refusal to employ any person referred must be based solely on ability and/or performance and should not in any way be influenced by union or any other organization affiliation.
4. The contractor will be considered in compliance only when the 50% minority apprentice goal is attained.

Trainees

1. In the event that the union cannot supply minority apprentice, the contractor shall employ a trainee.
2. All trainees shall be referred by the Office of Affirmative Action's Manpower Referred Unit.
3. The ratio shall be as approved by the Department of Labor.
4. When the amount of journeymen meets the allotment of apprentice, (in most cases 1 apprentice to 5 journeymen) trainees shall be hired from the City of Newark's Affirmative Action Manpower Referral Unit.

KHOV004904

5. The wage requirements shall be the same as the apprentice on the equal level of knowledge and performance.
6. After evaluation by the contractor of the trainee, written notification of such shall be submitted to the Office of Affirmative Action as to the level of knowledge and performance.

Lay-Offs

1. Lay-offs will be in accordance with the Department of Labor's procedure, keeping in mind the head count requirements.
2. Lay-offs for non performance should be documented and a copy sent to the Manager, Office of Affirmative Action.

KHOV004905

DAILY REPORTS

SECTION V

1. The Daily Report must be filled out completely by the site superintendent, foreman, or his representative.
2. This report must be ready for the Affirmative Action Program Monitor's inspection of manpower on site no later than 9:00 a.m.
3. In order to simplify this report, it is suggested that the home office pre-type and reproduce enough forms with the company's information, project location, construction site number and list all of their sub-contractors and their respective crafts. The site superintendent, foreman and representative need only to date, fill in correct manpower and sign.
4. All projects working other than the normal day-time hours must notify the Affirmative Action Program Monitor.
5. The Affirmative Action Program Monitor will be notified in advance as to project closing and the reason.
6. All manpower disputes should be brought to the attention of the Affirmative Action Program Monitor.

**OFFICE OF AFFIRMATIVE ACTION
Daily Report**

KHOV004907

CERTIFIED PAYROLL REPORTS

SECTION VI

1. A copy of your weekly payroll must be submitted listing all manpower working on a project, excluding administrative personnel.
2. An indicator of the first week and the final week will be made. All in between weeks will be dated for pay period.
3. Names, addresses to include city, state and social security numbers must be included for all manpower reported.
4. Total hours, salary and trade must be indicated for each individual.
5. Minority, non-minority, female and male must be indicated for each individual.
6. The name and telephone number of the person responsible for preparing project payroll must be included.

Note: If all of the above are on, or added to a company's payroll, that report will be accepted. Failure to include all of the above will result in the mandatory use of the Office of Affirmative Action Payroll Form.

KHOV004908

**CONTRACTOR'S CERTIFIED PAYROLL
OFFICE OF AFFIRMATIVE ACTION**

NAME OF CONTRACTOR _____	NAME OF PROJECT _____	SITE# _____	CONTACT PERSON _____
_____	_____	START _____	_____
_____	_____	DATE _____	_____
ADDRESS _____	SITE LOCATION _____	COMPLETION _____	PAYROLL ENDING DATE _____
_____	_____	DATE _____	_____

[illegible]

I HEREBY CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, THE FOREGOING FACTS ARE TRUE.

SIGNATURE _____ DATE _____

TITLE _____

AA-7
REV. 6/89

KHOV004909

SCHEDULE B

**SOCIETY HILL AT UNIVERSITY HEIGHTS III
SITE C & E**

ISOLATION TRENCH & SPREADING OF MILLINGS

SCOPE OF WORK

The scope of work for Site Development is defined as follows and includes all labor, material, equipment, supervision, coordination of inspections by responsible authorities, and all other incidental items to provide a complete job, more specifically but not limited to:

I. JOB SPECIFICS

Consideration and protection of existing paving and all buried utilities shall be the responsibility of Prime Subcontractor.

The Prime Subcontractor shall conduct himself in the best and most workmanlike manner at all times and coordinate his efforts with those Prime Subcontractors working on the site so as to minimize overall construction efforts.

It shall be the responsibility of the Prime Subcontractor to schedule all required inspections with the proper authorities, so that progress of work is not delayed.

This is a Lump Sum Contract. Quantities and unit prices are for information purposes only. Unit prices will be used for adjustment if changes in the engineering plans are required. Any additions and deletions shall be authorized in writing in advance. All lump sum and unit prices include material, labor, equipment and supervision and taxes.

By submitting a bid, the Prime subcontractor is verifying that he has visited the site and is thoroughly familiar with existing conditions prevailing.

A. SITE CONDITIONS

1. Subsurface Information:

Subsurface soil investigations have been made and the results are not hereby made a part of these specifications. The data provided is for general information of bidders. It is expressly understood that the Developer will not be responsible for interpretations or conclusions drawn there from by Thor Engineering. The Developer will not assume responsibility for variations in sub-soil strata, or for different materials encountered at locations throughout the site.

2. Existing Utilities:

Existing underground utilities are shown on the drawings. If the utilities are to remain in place, provide adequate means of protection during the earthwork operations. Should uncharted or incorrectly charted piping or other utilities be encountered during the excavation, consult the Construction Department of the Developer.
Call 1-800-272-1000 for utilities location stakeout.

SCHEDULE B

**SOCIETY HILL AT UNIVERSITY HEIGHTS III
SITE C & E**

ISOLATION TRENCH & SPREADING OF MILLINGS

3. Protection of Persons and Property:

Barricade open excavations occurring as part of this work and post warning lights. Protect structures, utilities, sidewalks, pavements, and other facilities from damage caused by settling, lateral movement, undermining, washout, or other hazards created by earthwork operations.

4. Dewatering:

The Prime Subcontractor shall keep all excavations free from water from any source. If pumping is required, equipment necessary therefore, shall be installed, operated and maintained by the Prime Subcontractor at no cost to the Developer until such equipment is no longer required. Water shall not be allowed to accumulate before backfilling work is started.

5. Dust Prevention:

The Prime Subcontractor shall be required to control the dust generated during performance of construction activities as bid on in the Contract. A procedure for controlling dust will be submitted by the Prime Subcontractor as part of this Contract.

6. The Developer has removed and is removing subsurface tanks or containers but additional tanks or contaminated soil may be discovered. Such tanks or contaminated soil must be identified and reported immediately to the Construction Manager for his disposition/removal by others. Disposition/removal will be accomplished as soon as possible, however no work around this discovered area may continue until removal is complete.

7. There are existing isolated structures on the site. All Prime Subcontractor operations will be restricted from these areas, until such time as they are demolished, by others.

8. Should any fencing that has been or will be erected around the site interfere with certain aspects of Prime Subcontractor's work, Prime Subcontractor shall remove fence and replace immediately upon completion of such activity, at his own expense.

9. Prime Subcontractor shall maintain all necessary as-built drawings and coordinate his efforts with those other Subcontractors working on the site. As-built drawings will be submitted to the Developer at the completion of the contract. Final payment will be withheld until as-builts are submitted.

10. The Prime Subcontractor will be required to crush down and compact all trash dumpsters with his equipment; this should be done on a daily and as needed basis.

11. Prime Subcontractor shall make every effort to expeditiously complete all work required for the release of Developer from Bonds. Developer shall retain an appropriate amount of money or the last draw to insure the completion of work necessary for such release.

SCHEDULE B

**SOCIETY HILL AT UNIVERSITY HEIGHTS III
SITE C & E**

ISOLATION TRENCH & SPREADING OF MILLINGS

12. Prime Subcontractor shall provide all temporary signage and barriers as required by the Local or County Agencies throughout the duration of the project.

II. LAND IMPROVEMENTS

A. MASS EXCAVATION

Pre Dynamic Compaction:

1. Excavate an isolation trench approximately eight feet (8') deep as shown on drawings. All excavated material shall be stockpiled on the site adjacent to the trench.
2. Prior to dynamic compaction, grade a four inch (4") layer of millings in the areas to be compacted. Millings will be supplied and truck dumped onto the site by the Prime Subcontractor. Provide unit price for grading providing Developer supplies Millings.
3. Build access ramps for the crane to any areas not accessible because of grading operations.

B. ISOLATION TRENCH

1. Backfill and compact isolation trench using Developer stockpiled material.

SCHEDULE B

**SOCIETY HILL AT UNIVERSITY HEIGHTS III
SITE C & E**

ISOLATION TRENCH & SPREADING OF MILLINGS

LN1 B-28-D

- | | | |
|----|---|----------------------|
| 1. | Isolation Trench | <u>\$54,400 L.S.</u> |
| 2. | Rough Grade prior to spreading of millings
(maximum one (1)) foot cust or fill | <u>\$10,500 L.S.</u> |
| 3. | Grading of Millings prior to Dynamic Compaction | <u>\$ 5,500 L.S.</u> |

UNIT PRICES

Isolation Trench	<u>\$ 7.75 L.F.</u>
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KHOV004913

MAY BE REPRODUCED

UZ-4 (8-91)

To be completed by purchaser and
given to and retained by vendor. Read
instructions on back of this certificate.

State of New Jersey
DIVISION OF TAXATION
SALES TAX
(N.J.S.A. 54:32B-8.22)

CONTRACTOR'S SALES TAX
CERTIFICATE OF AUTHORITY NUMBER

CONTRACTOR'S EXEMPT PURCHASE CERTIFICATE
URBAN ENTERPRISE ZONE

TO A.G. MAZZOCCHI, INC.

(Name of Vendor)

32 WILLIAMS PARKWAY, EAST HANOVER, NJ 07936

(Address of Vendor)

The materials, supplies, or services purchased by the undersigned are for exclusive use in erecting structures, or building on, or otherwise improving, altering or repairing real property of a qualified business entity within an urban enterprise zone.

THIS BID OR CONTRACT COVERS WORK TO BE PERFORMED FOR:

Name of Qualified Business Entity: T/A Society Hill at Univ Hgts III
K. Hovnanian Newark Urban Renewal III

Exempt Qualified Business Permit Number: 2687

Permit Effective Dates 06 / 30 / 92 To 06 / 29 / 93

Address: _____

ADDRESS OR LOCATION OF BID OR CONTRACT WORK SITE:

SOCIETY HILL AT UNIVERSITY HEIGHTS III, NEWARK, NJ 07103

Urban Enterprise Zone City Designation: _____

I certify that all information on this Certificate is correct.

K. Hovnanian at Newark Urban Renewal Corp. III, Inc.
(Name of Contractor)

By: _____

(Signature and Title of owner, partner, or officer of corporation)

Conrad E. Gack, President

10 Highway 35, Red Bank, NJ 07701

(Business address of Contractor)

Debra A. Thompson

Director
Division of Taxation

(Date)

See INSTRUCTIONS on other side

KHOV004914

MAY BE REPRODUCED

ST-8 (7-84, R-5)

State of New Jersey

DIVISION OF TAXATION
SALES TAX

CERTIFICATE OF
CAPITAL IMPROVEMENT
FORM ST-8

To be completed by owner of real property and contractor, and retained by contractor. Read instructions on back of this certificate.

The contractor must collect the tax on the amount charged for labor and services under the contract unless the owner gives him a properly completed Certificate of Capital Improvement.

MAY BE ISSUED ONLY BY THE OWNER OF THE REAL PROPERTY.
MAY NOT BE ISSUED FOR THE PURCHASE OF MATERIALS

A.G. MAZZOCCHI, INC.

32 WILLIAMS PARKWAY, EAST HANOVER, NJ 07936

Address of Contractor

2241826030

(Registration Number of Contractor)

THE FOLLOWING INFORMATION MUST BE FURNISHED:

The nature of the contract is as follows (describe the capital improvement to be made):

Trenching and Grading

The address or location where work is to be performed:

Society Hill at University Heights III, Newark N.J. 07103

TOTAL AMOUNT OF CONTRACT

\$

The undersigned hereby certifies that he is not required to pay sales and use tax with respect to charges for installation of tangible personal property, because the performance of the contract will result in a capital improvement to real property. The undersigned purchaser hereby affirms (under the penalties for perjury and false swearing) that all of the information shown in this Certificate is true.

CONTRACTOR'S CERTIFICATION

I certify that all sales and use tax due has been or will be paid by the undersigned on purchases of materials incorporated or consumed in the performance of the contract described herein.

(Signature of Contractor)

(Date)

K. Hovnanian at Newark Urban Renewal Corporation III, INC.

(Name of owner of real property)

By

(Signature of owner, partner, officer of corporation, etc.)

Conrad E. Gack, President

10 Hwy #35, P.O. Box 500 Red Bank, N.J.

(Address of owner of real property)

07701

(Date)

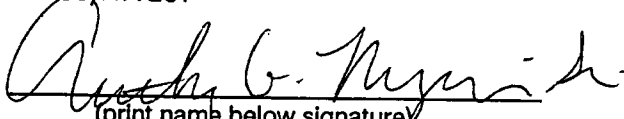
Any person making representations on this certificate which are willfully false may be subject to such penalties as may be provided for by law.

REPRODUCTION OF CERTIFICATE OF CAPITAL IMPROVEMENT FORMS: Private reproduction of both sides of Capital Improvement Certificates may be made without the prior permission of the Division of Taxation.

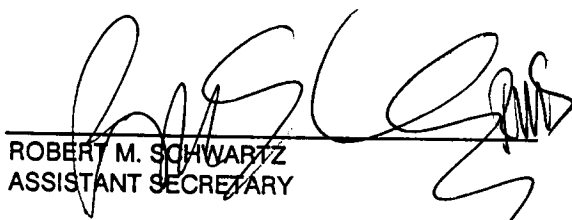
KHOV004915

IN WITNESS WHEREOF, the parties have hereunto fixed their hands and seals on the date first above written.

WITNESS/ATTEST

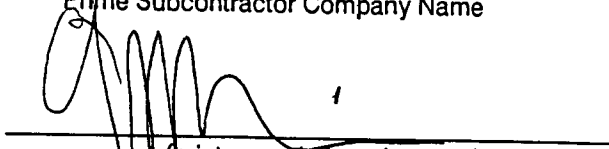
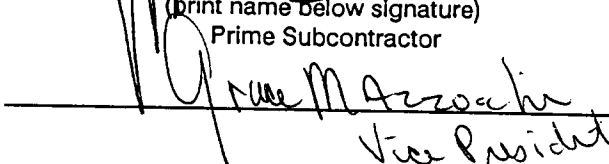

(print name below signature)
Anthony G. Mazzocchi, Sr.

ATTEST:

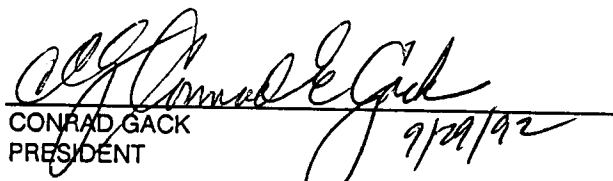

ROBERT M. SCHWARTZ
ASSISTANT SECRETARY

A.G. Mazzocchi, Inc.

Prime Subcontractor Company Name


(print name below signature)
Prime Subcontractor

Vice President

K. HOVNANIAN AT NEWARK URBAN RENEWAL
CORP. III, INC.


CONRAD GACK
PRESIDENT
9/29/92

Unless executed by the President of the Developer and attested to by the appropriate officer of the Developer, this Agreement shall not be binding upon Developer.

KHOV004916